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SUBJECT: SEOUL - PRESS BULLETIN; August 11, 2009

TOP HEADLINES

Chosun Ilbo
Hyundai Group Chairwoman Likely to Meet Kim Jong-il Today

JoongAng Ilbo
Strategy and Finance Minister Denies
Expansion of Real Estate Restrictions

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Daegu, Osong Picked for High-tech Medical Complexes

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Possibility that Hyundai Group Chief May Return with Hyundai Asan
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Sharp Surge in Stock and Real Estate Markets Feared to Deepen
Economic Polarization in ROK

Segye Ilbo
Diplomatic Source in Seoul: "U.S., N. Korea
to Resume Bilateral Talks Sooner or Later"

DOMESTIC DEVELOPMENTS

Hyundai Group Chairwoman Hyun Jung-eun arrived in Pyongyang
yesterday afternoon as a "de facto special envoy" for the ROKG to
win the release of an ROK employee who has been held incommunicado
in North Korea for 134 days. (All)

A senior ROKG official was quoted as saying: "Chairwoman Hyun is
expected to meet North Korean leader Kim Jong-il on August 11. There
is a possibility that they may discuss pending issues, including the
resumption of tours to Mt. Kumgang and ways to maintain and develop
the joint Kaesong Industrial Complex, in addition to the release of
the Hyundai Asan worker." (Chosun)

INTERNATIONAL NEWS

According to a diplomatic source in Seoul, the U.S. conveyed to North Korea what steps the North should take to resume talks (with the U.S.) This was done via the New York channel between the two countries and the recent visit to Pyongyang by former President Bill Clinton. The source went on to say: "Since North Korea responded positively, it seems that U.S.-North Korea talks will take place sooner or later." (Segye)

MEDIA ANALYSIS

-N. Korea

Conservative Segye Ilbo ran a front-page report that cited a diplomatic source in Seoul as saying yesterday that the U.S. conveyed to North Korea what steps the North should take to resume talks (with the U.S.) This was done via the New York channel between the two countries and through the recent visit to Pyongyang by former President Bill Clinton. The source was further quoted: "Since North Korea responded positively, it seems that U.S.-North Korea talks will take place sooner or later."

The Segye Ilbo report also quoted the U.S. Ambassador to the UN Susan Rice as urging North Korea during her August 9 CNN interview to uphold its international obligations and resume international

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negotiations (Six-Party Talks), saying: "In that context, we have said that we would be prepared to have a direct dialogue."

Right-of-center JoongAng Ilbo, meanwhile, headlined its inside-page article: "Washington Has Changed since Former President Clinton's N. Korea Visit." The article noted that chances are growing that former President Clinton's surprise visit to North Korea may provide momentum to improve relations between the two countries. The article quoted Secretary of State Hillary Clinton as saying during an August 9 CNN interview: "What we're hoping is ... (that former President Clinton's visit) will perhaps lead the North Koreans to recognize that they can have a positive relationship with us." White House National Security Adviser James Jones was also quoted as saying: "North Korean leader Kim Jong-il appeared to be in control of his government and sounded very reasoned. He seemed in control of his faculties."

All ROK media gave prominent play to Hyundai Group Chairwoman Hyun Jung-eun's arrival in Pyongyang yesterday afternoon as a "de facto special envoy" for the ROKG to win the release of an ROK employee who has been held incommunicado in North Korea for 134 days.

Conservative Chosun Ilbo quoted a senior ROKG official as saying: "Chairwoman Hyun is expected to meet North Korean leader Kim Jong-il on August 11. There is a possibility that they may discuss pending issues, including the resumption of tours to Mt. Kumgang and ways to maintain and develop the joint Kaesong Industrial Complex, in addition to the release of the Hyundai Asan worker." Chosun also speculated that since inter-Korean governmental talks have been suspended, North Korean leader Kim may deliver a message to the ROK through Hyun.

Right-of-center JoongAng Ilbo editorialized: "North Korea may have felt that its continued detention of the ROK worker would put obstacles in the way of improving relations with the U.S., following its release of two U.S. journalists. ... The problem is that North Korea will show a conciliatory attitude toward improving general inter-Korean ties. ... The resumption of tours to Mt. Kumgang means that cash will flow into the North. This could run counter to international sanctions to punish the North's nuclear test. ... It is time for the two Koreas to take a more forward-looking and broader approach toward each other. ... The ROKG should do its utmost to maintain this favorable inter-Korean atmosphere created by Chairwoman Hyun's visit, especially given the signs of a thaw in U.S.-North Korea relations following former President Clinton's visit to North Korea."

Moderate Hankook Ilbo observed in an editorial: "It is very encouraging that North Korea allowed Chairwoman Hyun an overland trip to Pyongyang. (The overland route was recently open to only certain figures, including the late former President Roh Moo-hyun for the second inter-Korean summit in 2007.) ... It would be highly problematic if North Korea intends to limitedly improve relations with the ROK in order to circumvent UN Security Council Resolution 1874. Improvements in inter-Korean relations should be made in tandem with North Korea's return to the nuclear disarmament talks."

OPINIONS/EDITORIALS

HOPING THAT HYUN'S N. KOREA VISIT LEADS TO CHANGE IN INTER-KOREAN RELATIONS

(Hankyoreh Shinmun, August 11, 2009, page 31)

Hyundai Group Chairwoman Hyun Jung-eun arrived in Pyongyang yesterday to negotiate the release of a Hyundai Asan employee, who has been held incommunicado in North Korea. This is welcome news because inter-Korean talks have been deadlocked. We expect that her visit to Pyongyang will mark a momentous turning point in the deteriorating inter-Korean relations.

First of all, North Korea should make up its mind to release the ROK employee. As former U.S. President Bill Clinton returned with two U.S. journalists after his visit to North Korea, we expect

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Chairwoman Hyun will bring the ROK worker along with her when she returns. Even if the ROK and North Korea are severely at odds with each other, North Korean authorities should not hold an ROK civilian hostage. Some observers say that Hyun's visit comes at a time when North Korea is showing active interest (in engagement). We hope that this is true and Hyun's visit will serve as an opportunity to resume the suspended tours to Mt. Kumgang, and restart key inter-Korean economic cooperation such as the troubled joint Kaesong Industrial Complex project.

The ROKG should also not miss this opportunity. The ROKG cautioned against stretching the meaning of Chairman Hyun's visit, saying that her visit is just for a business purpose. We want to see this simply as part of Seoul's strategy not to publicize its back-channel efforts. However, compared to the Clinton visit, the ROKG's role in achieving Chairwoman Hyun's visit appeared to be very small. We even suspect that the ROKG is trying to pass responsibility for resolving the situation to Hyundai, which is suffering from the suspension of inter-Korean cooperation projects. Hyundai may inevitably have to be at the forefront of inter-Korean dialogue, but in the end, it is the ROKG that should resolve issues with the North. In this context, the statement by a high-ranking ROKG official that "since it is an issue involving Hyundai Asan, Hyundai Asan should take responsibility," is highly disappointing.

The Clinton visit is showing signs of bringing big changes to the situation on the Korean Peninsula. There are also some U.S. media reports that the Obama Administration is shifting the focus of its North Korea policy from nuclear dismantlement to nuclear containment. If we only adhere steadfastly to our stance and refuse to budge an inch in a self-righteous way, all the efforts that we have made so far (toward better cross-border ties) could go up in smoke. We have already been taken aback by Clinton's visit. We hope that the ROKG will take a more active stance in efforts to break the deadlock in inter-Korean relations.

FEATURES

WASHINGTON HAS CHANGED SINCE FORMER PRESIDENT CLINTON'S NORTH KOREA VISIT

(JoongAng Ilbo, August 11, 2009, Page 4)

By Washington Correspondent Kim Jung-wook and Reporter Ye Young-joon

Secretary of State Clinton: "We hope (the Clinton visit) will lead to a positive relationship between the U.S. and North Korea"

National Security Adviser Jones: "Kim sounded very reasoned"

Chances are growing that former U.S. President Bill Clinton's surprise visit may serve as momentum to improve U.S.-North Korea relations, which have been strained due to the North Korean nuclear issue. The USG repeatedly argued that the Clinton visit was a private humanitarian mission aimed at winning the release of the two U.S. female journalists detained in the North. However, less than a week after the former President returned home, high-ranking officials are saying that the visit might lead to an improvement in U.S.-North Korea relations.

U.S. Secretary of State Hillary Clinton said during an August 9 (local time) interview with CNN, "We have no designs on North Korea," adding, "So, we reached out to the North Koreans and made it very clear that we wanted to create that kind of engagement." After expressing concern about the possibility of the North exporting nuclear technology, she noted that the Clinton visit "will perhaps lead the North Koreans to recognize that they can have a positive relationship with us."

White House National Security Adviser James Jones, who met with former President Clinton before Clinton's possible briefing to President Obama this week, hinted that the significance of the

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Kim-Clinton meeting goes beyond the release of the journalists. Appearing on CBS and NBC on August 9, Mr. Jones stated that dialogue between the two was carried out in a mutually respectful and sincere atmosphere, adding, "The North Koreans have indicated that they would like a better relation with the U.S." He also noted, "Mr. Kim appeared to be in control of his government and sounded very reasoned." Diplomatic circles in Washington said that it was unusual for Mr. Jones, a cautious person who retired as a four-star general, to publicly make the statements ahead of a briefing to the President. Particularly regarding the description of North Korean leader Kim Jong-il, there is a sharp departure from the Bush Administration, which described Kim as being "unpredictable and uncontrollable."

Some observers caution against reading too much into the Clinton-Kim meeting. A high-ranking ROK foreign ministry official said, "A message continuously coming out of the U.S. is that the Clinton visit has no political and diplomatic meaning. Many people say that the meeting could likely bring change, but personally, I do not think that the meeting will have much impact."

The Obama Administration, however, keeps its doors open to negotiations with the North, and the atmosphere in Washington is also changing. The U.S. Department of State is reportedly using the North Korean mission to the U.N. in New York to make progress in the nuclear negotiations, and at the same time, it is considering expanding contact with the North by inviting North Korean officials through private institutes, such as the National Committee on American Foreign Policy and the Center for Strategic and International Studies. In addition, a high-ranking diplomatic source in Washington said that at last week's meeting in Hawaii, ROK Chief Negotiator to the Six-Party Talks Wi Sung-lac and his U.S. counterpart Sung Kim discussed how to deal with the North when the nuclear negotiations, including the Six-Party Talks, resume.

"U.S.-NORTH KOREA TALKS WILL RESUME SOONER OR LATER"
(Segye Ilbo, August 11, 2009, Front page)

By Reporter Lee Sang-min

The U.S. delivered its preconditions for resuming talks with North Korea and the North responded positively.

A diplomatic source (in Seoul) says that North Korea only has to make a strategic choice.

The U.S. and North Korea reportedly agreed, to some extent, that the two sides will resume (bilateral) talks on the North Korean nuclear issue under preconditions (set out by the U.S.)

U.S.-North Korea talks, which will be similar to the "Berlin Talks" held between former Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill and North Korean Vice Foreign Minister Kim Kye-gwan, are likely to take place in order to put the Six-Party Talks back on track.

A diplomatic source in Seoul said on August 10 that the U.S. conveyed to North Korea what steps the North should take to resume talks (with the U.S.) This was done via the New York channel between the two countries and through the recent visit to Pyongyang by former President Bill Clinton. The source was further quoted: "Since North Korea responded positively, it seems that U.S.-North Korea talks will take place sooner or later."

The U.S. has maintained its position that it will restart bilateral talks with North Korea if Pyongyang takes action to correct its "wrong behavior," which has been evident by long-range rocket launches, suspending the dismantlement of its Yongbyon nuclear facilities, and a second nuclear test.

The source said that the U.S. explained to North Korea in detail what the North will gain and that the U.S. has been fully prepared (to provide the gains.) The source went on to say that North Korea

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only has to make a strategic choice.

In this regard, the U.S. Ambassador to the UN Susan Rice urged North Korea during her August 9 CNN interview to uphold its international obligations and resume international negotiations (Six-Party Talks), saying: "In that context, we have said that we would be prepared to have a direct dialogue."

A high-ranking Foreign Ministry official said during a closed briefing the same day that following the release of two U.S. journalists by North Korea, many people paid attention to the U.S.' softer stance on North Korea. The official noted, however, that attention should turn to what steps the North will take.

Another diplomatic source in Seoul said that two scenarios have been raised under the precondition that North Korea will halt steps to reverse disablement of the Yongbyon nuclear facilities. Under the first one, U.S.-North Korea will hold bilateral talks in a third country and under the second one, Special Representative for North Korea Policy Stephen Bosworth will visit North Korea.

STEPHENS